

77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE

MEASURE: HB 2216 A
CARRIER:

REVENUE: Revenue Impact Issued

FISCAL: Fiscal Impact Issued

Action: Do Pass. Refer to Ways and Means

Vote: 5-4-0

Yeas: Bailey, Gelser, Read, Vega Pederson, Barnhart

Nays: Bentz, Berger, Conger, Davis

Exc.:

Prepared By: Dae Baek, Economist

Meeting Dates: 3/22, 3/26

WHAT THE BILL DOES: Extends the sunset of an assessment on the net revenue of certain hospitals for two years until September 30, 2015, to provide certain healthcare services to certain individuals. Takes effect on the 91st day after adjournment sine die.

ISSUES DISCUSSED:

- History and purpose of the hospital assessment
- Short-term nature of an additional one-percent assessment
- How to bring about more efficient and affordable healthcare system

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: Certain large hospitals in Oregon have been paying this assessment on their net revenues to help support the Oregon Health Plan (OHP) since 2004. The assessment, with the sunset extension, is expected to raise about \$600 million for the OHP in the 2013-15 biennium, assuming the current assessment rate of 4.32 percent on the total net revenue. This revenue will be distributed back to the hospitals based on certain procedures established by the Oregon Health Authority. This \$600 million in turn will be matched by \$1.014 billion in federal funds.

There is an additional one percent assessment over the current assessment rate. The revenue from this additional assessment will be distributed back to hospitals based on each hospital's achievement of certain performance metrics. The estimated revenue from this additional assessment is \$145 million in the 2013-15 biennium. This revenue will be matched by \$245 million in federal funds.

The assessment rate is set by the director of the Oregon Health Authority in consultation with representatives of hospitals. In total, the estimated revenue of \$745 million from the assessment will bring in \$1.259 billion in federal matching funds during the 2013-15 biennium.

State Capitol Building
900 Court St NE, Room 143
Salem, OR 97301-1347

Phone: 503-986-1266
Fax: 503-986-1770
<http://www.leg.state.or.us>